



# Film Industry Task Force

## Report to Director Roger B. Madsen

November 22, 2005

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### 1. Background on the Film Industry Task Force



In late 2004 and early 2005, Representative Jana Kemp was approached by several constituents about Idaho's efforts to attract film production. In response to Rep. Kemp's interest, on May 4, 2005, Roger Madsen, Director of Idaho Commerce and Labor, officially named a task force to study the film industry with the goal of increasing the amount of film and media projects produced in Idaho, including feature films, digital videos, educational and corporate films, commercials, documentaries and video/internet game development. Members of the task force were selected to achieve a balance between legislators, film industry professionals and other important partners from across the state, across political party lines, and from various aspects of the industry. Others brought in the perspective from the higher education community, major film studios, Idaho's Arts Commission and the Office of the Governor. The first meeting was held in Boise on June 3, followed by a July 25 meeting in Sun Valley. A third meeting was held in Boise on September 29, the opening day of the Idaho International Film Festival. A fourth meeting was held in Post Falls on November 4, 2005.

Members of the task force:

#### Legislators:

**Representative Jana Kemp, Co-chair**

Senator Hal Bunderson

Senator Robert Geddes

Senator Elliot Werk

Representative Wendy Jacquet

#### Film Industry:

**Ben Shedd, Shedd Productions, Co-chair**

Chuck Webb, Crisman Films

Heather Rae, Appaloosa Pictures & True West Cinema Festival

Doug Copsey, Doug Copsey Productions

Dawn Wells, Idaho Film & Television Institute & SpudFest

Rich Cowan, North by Northwest Productions

Michael Hoffman, Feature Film Writer/Director

Dave Yasuda, Oliver Russell & Associates

Russ Simons, formerly with Disney Theme Parks Division

A. J. Eaton, Filmmaker

#### Other Contributors:

Karen McGee, Workforce Development Council, State Board of Education

Dan Harpole, Director, Idaho Commission on the Arts

Pat Sullivan, Idaho representative, Motion Picture Association of America

Dr. Kent Tingey, Vice President for University Advancement, Idaho State University

Dwight Johnson, Assistant Deputy Director, Idaho Commerce and Labor

Carl Wilgus, Administrator, Division of Tourism Development, Idaho Commerce and Labor

Peg Owens, Tourism & Film Marketing Specialist, Idaho Commerce and Labor

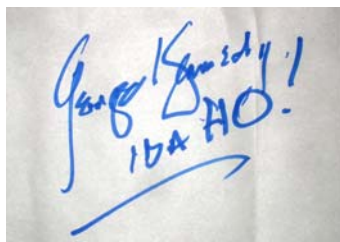
Bob Fick, Public Affairs Planner, Idaho Commerce and Labor

Carol Ryan, Administrative Assistant, Idaho Commerce and Labor

#### Ex-Officio Member:

Megan Ronk, Policy Advisor, Office of Governor Kempthorne

## 2. Film Industry Task Force Recommendations



Over the course of five months in four official meetings and countless subcommittee meetings, the Film Industry Task Force has determined a number of actions that could be taken by the Idaho Legislature, the Office of the Governor and the Director of Idaho Commerce and Labor. To become competitive with other states for media projects from out-of-state companies and to develop the industry within the state, Idaho must implement a series of actions that are financial or provide an optimum working environment that would make Idaho considerably more “film-

friendly”. In the words of veteran actor and Eagle, Idaho resident George Kennedy, “Let’s change from “Idaho?” to “Idaho!” as the place to film.

Below are the recommendations of the task force:

### Legislative Financial Recommendations - 2006 Session

- Media Production Sales Tax Rebate
  - 5% sales tax rebate on taxable items when \$200,000 is spent in Idaho on qualifying expenses
- Media Production Income Tax Credit/Rebate
  - 10% labor credit when \$200,000 is spent in Idaho on qualifying expenses

### Other Financial Recommendations - 2006 Exploration & Implementation

- Fee-free locations for state land & buildings
  - State Land Board
- Vendor discount program - public/private partnership
  - Solicit assistance from Chambers and approach businesses
    - Hotels & motels
    - Restaurants/coffee shops
    - Car rental agencies
    - Grocers
    - Motor home rentals
- Negotiate deals with airlines serving Idaho, where possible

### Other Recommendations

- Governor
  - Express support for the growth of the media industry in Idaho
  - Include industry in state of the state address in January, 2006
  - Urge all department heads to work with industry as much as possible
  - Schedule meetings with producers in Hollywood & attend key events
  - Utilize Motion Picture Association of America assistance to meet with producers
  - Film festival event attendance when possible
- Work with U. S. congressional staff on public land permit issues
  - Statewide special use permit meeting
  - Identify areas easier to permit
  - Identify problem areas and seek out solutions
  - Pursue blanket permits for Idaho Film Bureau, using the Sawtooth National Recreation Area agreement with director David Butterfield as a model
- Nurture in-state media production to build on what already exists in the state
  - Cultivate emerging filmmakers and production companies in Idaho
  - Assist in building support networks within the state
- Work with cities and counties to increase film-friendliness across the state

### Other Recommendations, cont.

- Form media advisory committee or commission by July 1, 2006
  - 5-7 members
- Expand Idaho Film Bureau staff
  - Increase film office staff in FY 2007 to divide labor between:
    - Industry development activities
    - Sales & marketing activities
  - Future needs will likely require additional staff to include:
    - Film Bureau Manager
      - Overall program management
      - In-state industry development
      - In-state festival development
      - Public relations
      - Marketing support
      - Production support
    - Marketing Specialist - Sales
      - Sales and marketing to Hollywood
      - Out-of-state film festivals & events
      - Trade shows
      - Meetings with producers
    - Marketing Specialist - Production
      - Ensure smooth productions
      - Main liaison with crew
      - Publications management
- Expand Idaho Film Bureau budget to ensure continued services and to allow for increased efforts at:
  - Public relations
    - Initial announcement of incentives and presentation of Idaho's media benefits
    - Continuing efforts to increase Idaho editorial exposure in industry publications
  - Advertising design and placement
    - Initial announcements of incentives
    - Continuing advertising, concentrating on incentives
    - Direct mail campaigns
    - Advertising specialties
  - Sales & marketing
    - Membership in film development online info sources
    - Out-of-state sales trips
    - Festivals & events
    - Film festival sponsorships
    - Trade shows
  - Publications
    - Production guide
    - Locations booklet
    - Web site design & maintenance
- Conduct periodic economic impact research
- Encourage the formation of regional film offices throughout the state
  - Northern, North Central, Southwest, Central & Eastern Idaho
  - Regional office assistance with marketing & publications
- Encourage the expansion of film & media curricula in Idaho colleges, high schools & private programs
  - Idaho Film & Television Institute
  - University of Idaho, Idaho State University and Boise State University
  - College of Southern Idaho, Lewis Clark State College and North Idaho College
  - High schools

### Other Recommendations, cont.

- Provide coordination assistance or directly offer workshops & training programs
  - Work with IATSE to create training classes in Idaho on film crafts
  - Align classes with universities
  - Market classes to boost attendance
  - Offer workshops on film finance, grant writing, production, etc.
  - Regional seminars to provide continuing education to filmmakers & crew
- Work with the Screen Actors Guild to create a local work agreement similar to Seattle, Portland - pursue adding Salt Lake City
- Encourage the establishment of a venture capital film fund in the private sector
- Continue to provide support to in-state film festivals to bring in directors, producers, talent and distributors
  - Idaho International Film Festival
  - I-48 Film Festival
  - LunaFest Women's Film Festival
  - SpudFest Drive-in Family Film & Music Festival
  - True West Cinema Festival
- Continue to fund and explore expanded funding for the Idaho Commission on the Arts for its work encouraging and expanding filmmaking in Idaho

### Future Concepts - 2007 and Beyond

- Grant program for emerging Idaho filmmakers via the Idaho Commission on the Arts
  - Filmmaker grants to assist young filmmakers in creating "resume" productions
  - Festival submission assistance for independent productions made by Idahoans
- Investment tax credit for funding film projects and infrastructure development such as soundstages, post-production facilities, grip & electric companies
- Continue to increase marketing efforts to filmmakers
  - Location Expo annual trade show
  - Add trade shows such as Show Biz Expo & American Film Market
  - More film festivals - i.e. Toronto, Telluride to reach independent producers
- Part-time industry sales representation in Los Angeles
  - Independent contractor
  - Idaho Los Angeles Trade Office

## 3. Film Industry Task Force Meeting Summaries

### June 3, Boise



Background was provided to the group about the Idaho Film Bureau (within Idaho Commerce and Labor's Tourism Development Division) and the film industry in general. Rep. Kemp discussed existing Idaho codes that affect the industry.

A global overview of film incentives was provided by Bill Lindstrom, CEO of the Association of Film Commissioners International. Actor George Kennedy was present and spoke to the group with enthusiasm for Idaho's potential with the industry.

Six subcommittees were formed: Arts Commission Survey, Competitive Packages, Industry Vision, Legislative Development, Potential Income & Costs and Workforce Development. Each subcommittee was chaired by a task force member and many of the forty-five audience members, including Idaho resident filmmakers, the financial community, and educators, signed up to participate.

## July 25, Sun Valley

Having met and conducted research after the June 3 meeting, all subcommittees reported on progress made. Discussed, edited and agreed upon was an **Industry Vision**:



- Create an improved economic climate and institute incentives to attract and stimulate film and media productions financed independently and by studios.
- Establish a strong film office with resources to market incentives, workers, locations and services that creates a statewide film/media-friendly environment of individuals, businesses and organizations to create sustainable film and media industry jobs.
- Create a unique brand that defines and differentiates Idaho as a pro-business, film/media-savvy state.
- Develop an educational foundation including expanded film and media curricula in state schools, and programs that provide training, mentoring, and internships.

Legislative Development had determined a **Definition of Media Production**:

“Media production” is defined as the production of programs through a variety of techniques and media, including live action camera work, animation, computer-generated imagery or other recorded work during the processes of pre-production, production and post-production, that are intended to be exhibited in theaters, licensed for exhibition on television or cable stations or networks, licensed for or produced for sale or rental to home or commercial viewing markets or a future viewing or listening medium. Products of media production include, but are not limited to, feature films, digital videos, television series or movies, television or theatrical commercials, industrials and education shows, video or computer games and documentaries but shall not include production of news and athletic event programming, family or personal productions, filming of live staged events to which tickets are sold, or any material of an indecent or obscene nature (Idaho codes: 18-4101, 18-1515, 52-103).

The Arts Commission had drafted and begun to circulate a survey of filmmakers.

Competitive Packages presented an overview of other states’ film production incentives including specific statutes and an analysis of the size and scope of various state film offices. The subcommittee created a summary of their findings of selected states’ incentives and posted them for the task force on [www.boisemedia.com/taskforce](http://www.boisemedia.com/taskforce).

Workforce Development had begun discussions with the Idaho Film & Television Institute (in development in Driggs), various universities and the industry’s major trade union, the International Alliance of Theatrical and Stage Employees (IATSE). A representative from the Salt Lake City IATSE local provided information on their crew training programs for stagehands and film crew.

Potential Income and Costs had begun research into two Idaho productions of varying scales: Napoleon Dynamite and Dante’s Peak.

More volunteers from the audience, some of whom traveled from Boise, Salt Lake City, Gooding, Pocatello, Wallace, and Driggs, joined subcommittees.



## September 29, Boise



Director of Idaho Commerce and Labor Roger Madsen kicked off this third task force meeting and stayed for discussion of proposed legislation.

Legislative Development offered drafts of two tax incentive bills - a rebate of sales tax and an income tax credit. Bills were discussed thoroughly and questions that arose would be addressed to the Idaho Tax Commission and the Division of Financial Management at separate meetings.

Other subcommittees also presented their continued findings. The Arts Commission survey was completed (a summary of results are in Section 5 of this report).

Idaho Film Bureau staff cited major points made at an incentives conference sponsored by the Producers' Guild of America:

- Accountants are now the first consulted about where to film; a director will often have to choose from the most economically viable options.
- Panel urged states to speak with producers before creating legislation so it will be effective. Producers need money during production, not 18 months after - important to see the benefits during production.
- Create an incentive program for the long term. Keep it and better it. Don't ditch after a few years because production will go away.
- If incentives are instituted, crew will begin to move to where the production is.
- Keeping an incentive plan simple allows for quick decision-making on the part of producers. Not a lot of time to evaluate various states' programs.
- Rebates or direct grants with a check cut 30 days after proof of expenditures is optimal - transferable tax credits are the next best. Refundable tax credit if there is no tax liability also good.
- Investor tax credit plan best in Louisiana with Rhode Island & Pennsylvania next. New Mexico program good but limits to in-state local hires, the best of which may already be booked on another production.
- Infrastructure credits build permanent jobs - stages, rental equipment, post production facilities etc.
- Other factors after financial incentives include weather, airline connectivity, crew base, free use of state land, access & cooperation at signature locations, good word of mouth, and inclusion of non-residents in factoring labor rebates.
- Very important for a Governor to be hands-on. Governors providing private cell numbers to producers in case of a problem are a big hit. Generosity: free offices, free use of plane, etc.

Updates were provided from Workforce Development, Industry Vision & Branding, and Potential Income & Costs and Competitive Packages subcommittees.

Idaho resident/feature film director Michael Hoffman, a task force member, spoke to the group about investment in low budget films as a way of providing local crew experience. A visiting filmmaker from Canada, Aaron James Sorensen, in Boise to screen his film "Hank Williams First Nation" at the Idaho International Film Festival, also spoke. The concept of "Film Day at the Legislature" was discussed.

Audience members in Boise included interested parties from southwestern Idaho as well as Wallace, Pocatello, and Driggs.

## November 4, Post Falls



Subcommittee reports were again presented. Industry Vision offered ideas for “Film Day at the Legislature”. Potential Income and Costs showed a 7-minute video, produced by Nancy Hanks of Wallace, about the impact of Dante’s Peak on the Silver Valley, including interviews with producers and local businesses. Workforce Development updated the task force about projects on which BSU interns were working.

Draft legislation was discussed at length with a debate on the potential impact of the income tax credit bill on out-of-state production companies and whether an income tax credit or a simple rebate on expenditures would be best. Other subjects included the future of the task force, talking points for conversations with legislators and the press and an explanation of the process of legislative committee testimony. Task force members finished the meeting by sharing what they had learned over the course of the five months.

Audience members in Post Falls included interested parties from Wallace, Sandpoint, Coeur d’Alene, and Moscow plus several legislators from the region.

## **4. Background on the Media Production Industry**

### **A. Media Production in the United States**

(From Motion Picture and Video Industries Report, U. S. Dept. of Labor, Bureau of Labor Statistics)

### Nature of the Industry



The United States motion picture industry is responsible for much of the world’s feature films and television programs. The film industry also produces music videos, industrial videos, educational films, computer games and commercials. Studios and other production companies are responsible for financing, producing, publicizing, and distributing films or programs. Actual production is accomplished by hundreds of small businesses and independent contractors hired by the studios or production companies which provide a wide range of services, many of which are actually in the high technology arena: optical effects, computer-generated imagery, post-production and more. Establishments which engage in operating motion picture theatres and exhibiting motion pictures or videos at film festivals also are included in the industry.

### Employment



Jobs in the industry can be broadly classified according to the three phases of filmmaking: pre-production, production, and post-production.

Pre-production is the planning phase which includes budgeting, casting, find the right location, designing and construction of the set and costume design.

Production is the actual filming of the motion picture and can include live action, computer imagery, animation and use of miniatures. Employees can number from a few for a documentary to hundreds for a major feature film.

Post-production activities take place in editing rooms and recording studios where the film is shaped into its final form. Post-production includes editors, sound technicians, composers, musicians and computer technicians. Beyond the film making phases are employees in the distribution and exhibition of the product, including theatrical distribution, broadcast & cable television and video/DVD sales.



## Median hourly earnings of the largest occupations in motion picture and video industries, 2002

Source: [www.bls.gov/oco/cg.cgs038.htm](http://www.bls.gov/oco/cg.cgs038.htm)

Occupation	Motion picture & video industries	All Industries
General and operations managers	\$44.64	\$32.80
Camera operators, television, video, and motion picture	\$22.38	\$15.73
Sales reps., wholesale & manufacturing, except technical & scientific products	\$20.12	\$20.54
Film and video editors	\$19.92	\$18.40
Executive secretaries and administrative assistants	\$17.45	\$16.06
Audio and video equipment technicians	\$16.03	\$14.96
Motion picture projectionists	\$7.56	\$7.97
Cashiers	\$6.78	\$7.41
Ushers, lobby attendants, and ticket takers	\$6.73	\$7.02
Combined food preparation and serving workers, including fast food	\$6.73	\$6.97
Counter attendants, cafeteria, food concession, and coffee shop	\$6.61	\$7.32

### Future Employment Outlook

Employment in the motion picture and video industries in the United States is **projected to grow 31 percent between 2002 and 2012 - roughly double the 16 percent growth projected for all industries combined** (U. S. Dept. of Labor, Bureau of Labor Statistics).

**In Idaho, the gross state product for the motion picture and sound recording industries increased from \$17 million to \$28 million between 1997 and 2003, a growth of 64.71%** (Bureau of Economic Analysis, U. S. Department of Commerce).

Job growth nationally will result from the variety and quantity of programming needed to fill an increasing number of cable and satellite television channels, both in the United States and abroad. More film product will be needed to meet in-home demand for videos, DVDs and films viewed over the Internet. The international market for American-made films is expected to continue grow as more countries and foreign individuals acquire the ability to view film.

### Conclusion

Concern has been mounting over the last decade about the number of films that are being made abroad. In response to generous tax breaks offered chiefly by English-speaking countries, especially Canada, numerous American films are being made outside of the U. S.

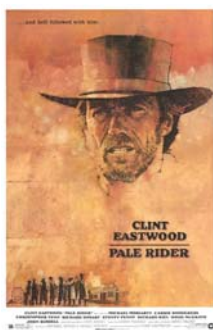
To address this issue, many states and major cities have instituted tax breaks and other incentives to encourage filmmakers to produce in their locales. Several states have been very successful, especially Louisiana and New Mexico. Many others, such as Rhode Island, Oregon and Montana, are now instituting incentives, attempting to keep pace with the industry leaders. Keeping an incentive plan simple allows for quick decision-making on the part of the producers. Filmmaking is labor-intensive and expensive; economic concerns are very important. Accountants may be consulted about where to film even before the director.

Encouraging the entertainment industry to consider Idaho is economic development, not only to film movies but to create permanent employment in Idaho in a wide variety of supporting industries. Infrastructure credits can build permanent jobs - soundstage companies, rental equipment companies, post production facilities, etc.

The film industry seeks filming locations with the optimal attributes for an individual production. Idaho offers great natural beauty, a reliable, hard-working workforce seeking good jobs, and a high school and college community full of eager young people hoping to find an economic future in their home state. This effort will lead to more industry and job diversity in the area, with an increase in the variety of good-paying, creative and rewarding permanent jobs. The residual effect on other businesses will be significant: more residents with greater disposable income and increased patronage of all local businesses.

## B. Media Production in Idaho

### History of Film in Idaho



From "The Cowpuncher" in 1915, to an active period following the popularity of Sun Valley in the 1930s-1950s to Clint Eastwood's "Bronco Billy" & "Pale Rider", Idaho has a rich history in filmmaking. Highlights include "Dante's Peak" pumping \$12 million into the Silver Valley economy in 1996 to the critical acclaim for the Native American film "Smoke Signals" and "Napoleon Dynamite" (made for under \$400,000) achieving cult hit status with teens and earning more than \$44 million at the box office in 2004-2005.

The development of affordable digital equipment makes production possible for a wider number of filmmakers outside of production centers, especially young people in Idaho. Companies such as North by Northwest Productions (Boise & Spokane) are growing and work performed on features and commercials in-state is accelerating. As out-of-state work has declined due to the lack of incentives, in-state production has risen from \$17 million in 1997 to \$28 million in 2003, indicating that this is a growth industry in Idaho.

### Existing Promotional Efforts - Idaho Film Bureau -1987 to present

The original mission was to bring out-of-state production in; since 1987 annual production has ranged from ¼ million to more than 8 million each fiscal year. In recent years out-of-state production has waned due to competitive industry trends previously mentioned.

The current budget of the Idaho Film Bureau is about \$100,000 with 1 person part-time (other duties being in the tourism sector). Services and activities include:



- Location photography
- Data management of location photographs & crew information
- Trade show and film festival marketing as a member of a 4-state regional partnership maximizes marketing opportunities
- Publications include a production guide, location booklet, and [www.filmidaho.com](http://www.filmidaho.com)
- Member, Association of Film Commissioners International
- In-state festival sponsorships which bring filmmakers to experience Idaho and screen their work

## Recent Idaho Developments

- The Internet Movie Database ([www.imdb.com](http://www.imdb.com)) lists 1 film made in Idaho in 2000 and 4 in 2001. In 2004 and 2005 there are 9 titles for each year, most made by Idahoans and ranging in length from a few minutes to feature-length.
- One soundstage is in development for Driggs; discussions are ongoing for at least two other soundstages for Boise & Northern Idaho
- The Idaho Film & Television Institute, a private non-profit educational institution, is in development in Driggs
- Idaho universities and colleges are studying ways they can increase film programs
- Several film festivals have developed in the past three years, including SpudFest Family Drive-In Film Festival, Idaho International Film Festival and True West, each with a specific and unique focus.
- The City of Boise is researching a film office headquartered in the Boise City Arts Commission
- Eastern Idaho has had meetings about a regional film office

## **5. Visualizing the Future: Media Arts Survey Report**

The Idaho Commission on the Arts conducted a survey among Idahoans involved in media production to determine the needs and wants of the in-state industry. The survey was mailed to 100 people and 35 responses were received back. Eighty-five percent of the respondents were actively involved in film and media. Relatively few were affiliated with any national filmmakers' associations.

### Responses

- Idaho's assets include scenery & diversity of locations, available talent, unique story to tell, small town atmosphere, low cost of living and doing business
- Most significant challenges are high costs, difficulty finding affordable resources such as equipment, talent and services and lack of incentives available in Idaho
- Needed changes include tax breaks for filmmakers, active & aggressive film commission, and infrastructure such as stages, educational opportunities, and more professional networking

### Conclusions

- Tax incentives
- Grant programs for emerging filmmakers
- Aggressive film commission
- Networking opportunities

### Actions Recommended by Survey Participants for the Idaho Commission on the Arts:

- Funding through grants
- More competitions or awards, screenings
- Increased training opportunities
- Building grassroots support and networking opportunities

## **6. Film Industry Incentives in the United States**

In the past decade, a number of foreign countries lured U. S. motion picture production away with robust incentives - Canada, Australia, New Zealand, and Eastern Europe. California refers to this as "runaway production." Canada was especially successful due to national and provincial incentives, the foreign exchange rate and proximity to the production centers of Los Angeles and New York.

In the past few years, the U. S. has begun to combat runaway production - a 2004 federal jobs bill and varying incentives offered by over 30 states. Idaho is one of the few who is not currently offering incentives specifically geared to filmmakers.

Numerous U. S. states were studied by the task force, with a concentration on 1) states in the western region who offered similar landscapes and, 2) states with exceptional film incentive programs. (Refer to information in sections 6A & B below or see [www.boisemedia.com/taskforce](http://www.boisemedia.com/taskforce).) Four states were studied in more detail: New Mexico, Louisiana, Montana and Oregon.

Louisiana offers a 25% rebate on labor plus another 10% for Louisiana residents and a 25% tax credit on expenditures. New Mexico offers a 15-20% rebate on qualifying expenditures (depending on amount spent) and loans \$15 million to a production that has met strict criteria. Montana passed bills in the 2005 legislative session providing a 12% rebate on local labor up to the first \$50,000 and 8% rebate on qualified production expenditures in addition to no sales tax. Oregon also has no sales tax and offers a 10% rebate on production expenditures of \$1 million or more plus a 10% vendor discount program.

Using a common industry multiplier of 2.2 to 2.8, for every dollar spent on production and related expenditures, \$2.20 to \$2.80 is brought into a state's economy.

#### A. Chart of U. S. States' Film Production Incentives

Quick reference chart of state production incentives with aggressive programs highlighted:

State	Invest. Tax Credits	Income Tax Credits	Sales Tax Rebates	Expenditures Rebate	Labor Rebate	Lodging Tax Rebate	Notes
Alabama			4% sales tax exemption			4-5%	Sales/Lodging tax exemption
Arizona		10%-20%	50% of 5% sales tax exemption				
Arkansas			sales tax exemption				
California			sales tax exemption			100%	No-fee state property
Florida			6% sales tax exemption	15% qualified expenses			\$10 million fund for rebates
Georgia	9%		8% sales tax exemption	9% qualified expenses	3% local hires		3% more some counties, 2% more \$20+M
Hawaii	20%	4%				100% after 30 days	
Idaho			comm. equip. or raw stock only			100% after 30 days	Incentives in development
Illinois					25% local hires	100% after 30 days	
Kentucky			6% sales tax exemption				Incentives in development
Louisiana				25%	25% labor 10% local		Fully transferable
Minnesota			exemption on commercials				
Mississippi			7% sales tax exemption	10%	10% local hires		
Missouri		50% qual. expenses					\$1.5 million fund

Montana			no sales tax	8%	12% local hires	100% after 30 days	
Nevada			no sales tax			100% after 30 days	
New Hampshire			no sales tax				
New Jersey			6% sales tax exemption			100% after 30 days	30% loan guarantee/max \$1.5M
New Mexico		15-20% qual. expenses	OR 5-7% sales tax exemption				No interest loans up to \$15M
New York		10% + 5% for NYC	sales tax exemption; 5% NYC				\$25M fund/ \$12.5M NYC
North Carolina		15%	6% sales tax exemption		15% local hires		
Oklahoma	25%		4.5% sales tax exemption OR	10-15% qualified expenses			\$5M fund
Oregon			no sales tax	10%	6.2% local hires		10% vendor discount program
Pennsylvania		20%	sales tax exemption			100% after 30 days	\$10M fund; no-fee state property
Rhode Island	15-25%			25% all expenses			
South Carolina			5% sales tax exemption	15%	15% local hires	100% after 30 days	
Texas			sales tax exemption			100% after 30 days	No-fee state property
Utah				10% (12% Utah-based)			\$1M fund
Vermont			5% sales tax exemption			100% after 31 days	
Virginia			4.5% sales tax exemption			100% after 90 days	
Washington			6.5% sales tax exemption			100% after 30 days	

## B. Details of U. S. States' Tax Incentives

Compiled by the Motion Picture Association of America in 2005, this list is more complete and briefly explains each state's incentives in more detail than the above chart:

STATE	TAX INCENTIVES March 1, 2005
Alabama:	State and local sales and use tax exemption for the purchase or lease of equipment, props, supplies, materials and services used in production. Additionally, no state and local lodgings tax for rooms used by production staff. applies to documentaries, video, commercial, print industrial productions for national or regional presentations with Alabama expenditures exceeding \$100,000 or a feature length motion picture with either 1) a film budget of \$500,000 or more and 100% of the film shot in Alabama or 2) a film budget of not less than \$1,000,000 in Alabama expenditures.
Alaska:	No state sales tax. No state individual income tax.

<b>Arizona:</b>	A 50% Sales (transaction privilege) and use tax rebate on the purchase or lease of tangible personal property if producers spend over \$1 million in Arizona filming movies for theaters, TV, video, industrial or educational films, commercials or advertising. A second threshold of expenditures of \$250,000 applies to television commercial or advertising in commercials aired in two minutes or less. No withholding tax from wages of nonresidents engaged in any phase of motion picture production. No state tax on lodging after 30 days.
<b>Arkansas:</b>	Full gross receipts and use tax refund on the purchase of property and services including lodging in connection with production costs. To qualify, a production company must spend at least \$500,000 within six months or \$1 million within 12 months in connection with the production.
<b>California:</b>	No sales or use tax on production or postproduction services on a motion picture or TV film. No sales and use tax on services generally. Such industry specific services include writing, acting, directing, casting and storyboarding. A partial sales tax exemption (5% except for 2001, when it was 4.75%) on the purchase or lease of postproduction equipment by qualified persons. No sales and use tax on 45% of the charges for sets, including labor to design, construct and strike and no sales tax on the full charge for the rental of personal property. No state hotel tax on occupancy, however, cities or counties that impose a local tax have a tax exemption for occupancies in excess of 30 days.
<b>Colorado:</b>	No sales and use tax on film company services if, in fact, the company is providing a service and not tangible personal property. No hotel occupancy tax for hotel stays in excess of 30 days.
<b>Connecticut:</b>	Sales and use tax exemption for the purchase, lease, use storage or other consumption of motion picture, video production or sound recording equipment for use in the state for production activities that become an ingredient of any motion picture, audio tape or recording produced for commercial entertainment. No hotel occupancy tax for hotel stays in excess of 30 days.
<b>Delaware:</b>	No state sales tax.
<b>Florida:</b>	Sales and use tax exemption for the purchase or lease of motion picture, video or other equipment (depreciable equipment with a useful life of at least three years) if used exclusively as an integral part of production activities in the preparation of motion pictures, tapes, TV or productions produced for commercial use or sale. If equipment and personnel used belong to the producer of a qualified motion picture, no tax on fabrication labor. Repair of motion picture equipment is exempt if the equipment is used exclusively as an integral part of production activities. No state individual income tax.
<b>Georgia:</b>	Sales and use tax exemption for the purchase or lease of a wide range of production and postproduction equipment and services for use in qualified production activities in the state.
<b>Hawaii:</b>	A refundable income tax credit up to 4%, which is deductible from net income tax liability, of the costs incurred in the state in the production of motion picture and television films, and up to 7.25% rebate for the for transient accommodation tax (hotel room tax). Must spend at least \$2 million in Hawaii for motion pictures or at least \$750,000 to produce a television episode, pilot or movie of the week.
<b>Idaho:</b>	No hotel occupancy tax on hotel stays of 30 days or longer.
<b>Illinois:</b>	Sales and use tax exemption for products of photo processing produced for use in motion pictures for public commercial exhibition. 25% income tax credit for Illinois labor expenditures (within a 12-month period), capped at the first \$25,000 in wages for each employee. The credit may not be carried forward or carried back and excludes the salary or wages paid to the two highest paid actors. The 14.9% hotel tax is reimbursed for stays in excess of 30 days.
<b>Indiana:</b>	No hotel tax on stays of 30 days or longer.
<b>Kansas:</b>	No hotel tax on stays of 28 days or longer.



<b>Kentucky:</b>	Sales and use tax refund for purchases made by a motion picture production company in connection with filming in Kentucky if the company films or produces one or more motion pictures in the state during any 12-month period.
<b>Louisiana:</b>	When productions spend a minimum of \$300,000 , they receive a 25% tax credit on qualified in-state production expenditures; Provides a 35% tax credit on Louisiana labor plus another 10% for Louisiana residents. Tax credits are freely transferable. (1/1/2006).
<b>Maine:</b>	Sales and use tax exemption for tangible personal property and services used primarily in production. Revenue Department ruling in 2004 proclaimed film production a manufacturing process. Hotel occupancy taxes are rebated after 28 consecutive days.
<b>Maryland:</b>	State sales and use tax exemption for the purchase or lease of production or post-production equipment, services, supplies, props and sets used in the production of motion picture, television, video, commercials & corporate films. No sales tax for hotel stays in excess of 30 days.
<b>Minnesota:</b>	No sales tax on hotel stays of 30 days or more.
<b>Mississippi:</b>	For all feature films, television projects, documentaries, or commercials: a 10% tax credit for payroll of in-state residents; a 10% rebate of all in-state production-related expenditures, excluding payroll; a reduced sales tax (7% to 1½ %) for equipment (camera, lighting, audio, projection, editing, etc.); a sales tax exemption for the purchase of film, videotape, set building materials, set dressing, props, wardrobe, fabric, make-up, most expendable items.
<b>Missouri:</b>	Provides a transferable/carry forward (5 yrs) income tax credit up to 50% of expenditures in the state to a maximum of \$500,000 in tax credits per project. Productions must spend a minimum of \$300,000 in the state. \$1 million per year available for total credits. No sales tax on hotel stays after 31 days.
<b>Montana</b>	No state sales tax. No business equipment tax on motion picture related vehicles and equipment brought into the state for the first 180 days. 12% rebate on local hires on first \$50,000 of wages and 8% rebate on qualified expenditures. Application fee of \$500. State 7% accommodations tax rebate for stays in excess of 30 days.
<b>Nevada:</b>	No corporate or individual Income tax. Low hotel room tax.
<b>New Hampshire:</b>	No state sales tax. Individual Income tax on interest and dividends only.
<b>New Jersey:</b>	Sales tax exemption for all film and video related machinery and equipment as well as services of installing, repairing and maintaining the equipment, used directly in production and post production of motion pictures, television or commercials. Loan Guarantee Program up to a maximum of \$1,500,000 (or an amount no greater than 30% of any loan for the film project that is derived from other sources, whichever is less), to production companies if 70% of the shooting days are in the state and at least 50% of the below-the-line expenses are in state.
<b>New Mexico:</b>	State sales tax exemption on all production costs including set construction, wardrobe, facility and equipment rental, all production and postproduction services OR a 15% refundable income tax credit on in-state film production expenditures. (Producers must choose either the sales tax exemption or the 15% tax credit.) Also, guaranteed investments may be considered for up to 100% of the estimated production costs, capped at \$15 million per project. Loan structures would have to be "fully and unconditionally guaranteed" by an entity with an investment grade bond rating; and equity structures require presales/distribution. After 30 days, the 4% lodger's tax is waived for hotel guests.
<b>New York:</b>	Comprehensive State, New York City and local sales and use tax exemption for machinery, equipment and services used in production and postproduction activities in the production of feature length films, television programs, music videos and commercials. Film and television and commercial productions

	receive tax exemptions whether they are produced and delivered electronically or in tangible form. 10% corporate/partnership/individual income tax credit for film and television productions (no commercials or music videos) for below-the-line in-state expenses if 75% of the aggregate sound stage work (excluding post-production) is performed in a NY production facility at least 7,000 square feet. The credit is 50% refundable in the first year and fully refundable after 2 years. If less than \$3 million (excluding postproduction) is attributed to the production facility related costs, then 75% of the aggregate shooting days outside of the facility must be in NY in order for NY location costs to qualify for the credit. Credit is capped at \$25 million per calendar year. An additional 5% refundable tax credit against corporate, partnership, or unincorporated business tax liability, for taxable years beginning on or after Jan. 1, 2005, against New York City tax liability with the same qualification parameters as the state credit. The City's annual credit cap is \$12.5 million.
<b>North Carolina:</b>	Reduced sales and use tax (1%) rate, on the purchase and rentals to motion picture production firms of cameras, films, set construction materials, as well as chemicals and equipment used to develop and edit film that is used to produce release prints. Full exemption for the purchase of film that becomes a component part of release prints sold or leased. The chemicals used to develop release prints and audiovisual master tapes used in production are also exempt from sales tax.
<b>Ohio:</b>	No state sales tax on hotel stays in excess of 30 days.
<b>Oklahoma:</b>	Sales tax exemption on sales of tangible, personal property or services to a motion picture or television production company to be used or consumed in connection with a feature or television production. A rebate program provides up to 15% of eligible costs for film production in the state if an income tax return is filed there. The total payments will not exceed \$2 million per fiscal year. State sales tax rebate on hotel stays after 30 days.
<b>Oregon:</b>	No state sales tax. 10% rebate on production expenses for feature films, television movies and television series with a minimum expenditure of \$1,000,000 for a feature or series. Maximum rebate is \$250,000 for a feature or \$30,000 per television series episode. Lodging taxes waived for rooms held longer than 30 days. Other local incentives including parking rebate up to \$1,000 of parking fees incurred within Multnomah County (Portland area) for every 100-hotel room nights purchased. State parks have no location site rental fee. 10% vendor discount program.
<b>Pennsylvania:</b>	A 6% sales and use tax exemption for the purchase or rental of any tangible personal property and services in Pennsylvania used directly in the production or post production of a feature length commercial motion picture distributed to a national audience. Newly enacted assignable corporate, partnership or income tax credit equal to 20% of production costs including wages if in-state spending is 60% of aggregate production expenses for features and television productions. Three-year carry forward provision, total annual state credit disbursement capped at \$10 million/fiscal year.
<b>Puerto Rico:</b>	Up to a 40% investment tax credit is available for motion picture and television expenditures paid to Puerto Rico Businesses or below the line talent if at least 50% principal photography is in Puerto Rico. The credit is available for projects first approved by the Film Commission once applicants pay ¼ of 1% of the film's budget for a license. Local investors will partner with non-Puerto Rican-based companies to help them access the investment tax credit.
<b>South Carolina:</b>	Productions spending \$250,000 in-state: available sales and use tax exemption for the purchase of equipment and supplies and an exemption for the State accommodations tax (7%), productions spending \$1 million in-state receive a 5% rebate for total aggregate payroll for persons (crew, actors, extras) subject to SC income tax withholding (excludes individual salaries of \$1 million or more) and a 7% rebate for purchases/rentals of certain in-state goods and services.
<b>Tennessee:</b>	Sales and use tax refund for out-of-state motion picture companies for goods and services purchased or rented in Tennessee if the company spends at least \$500,000 within a 12-month period.
<b>Texas:</b>	Comprehensive sales and use tax exemption for purchased or rented equipment or services used in the production of a motion picture or a video recording for ultimate sale, license or broadcast (including cable broadcast). No sales tax on hotel rooms for stays in excess of 30 days.

<b>Utah:</b>	State sales and use tax exemption for the purchase, lease or rental of machinery and equipment used in the production or post-production of motion picture, television, music video or commercial productions. Transient room tax rebate on hotel stays of 30 days or more.
<b>Vermont:</b>	State sales and use tax exemption for the purchase or lease of goods and services used in the production of films, television programs or commercials. Credit for nonresident income tax for commercial film production if Vermont income tax exceeds income tax rate in the state of residence. No hotel or meal tax after 30 days.
<b>Virginia:</b>	Sales and use tax exemption for production services or fabrication in connection with the production of any portion of exempt audio/visual work, feature or made-for-TV films, programs, documentaries, commercials, etc. The purchase of tangible personal property including scripts, artwork, supplies, equipment and accessories are also exempt.
<b>Washington:</b>	Sales and use tax exemption for the purchase or rental of production equipment and services used in motion picture or video production or post-production. No sales and use tax on vehicles used in production. No tax on hotel stays in excess of 30 days. No state individual income tax.
<b>Wyoming:</b>	10% vendor discount program on production-related services incl. hotels/motels, restaurants, caterers, etc. No tax on hotel stays in excess of 30 days. No state corporate or individual income tax.

Compiled by Angela Miele, VP, State Tax Policy, Motion Picture Association of America, [amiele@mpaa.org](mailto:amiele@mpaa.org), 908-668-9912. For individual state film office websites, visit: [www.afci.org](http://www.afci.org)

## 7. Sampling of Film Office Budgets & Staffing

Assistance to out-of-state and local filmmakers is provided by a state, local or regional film office ("Film Commission"). The first film commission was begun by Moab, Utah in the 1940s after experiencing the economic impact of early westerns filmed there. Today, it is widely known by the feature film and commercial community that film offices exist and filmmakers routinely seek out the film commission first to expedite their work in a location with which they are unfamiliar.

A number of state film offices' staffing, budgets and supporting offices is below. The budgets range from a low of \$100,000 (Idaho) to a high of \$1,000,000 (Illinois) and staffing ranges from a low of 1 person part-time (Idaho) to 8 full-time people (California).

<b>State Film Offices</b>	<b>Annual Budget</b>
Arizona	225,000
California	855,000
Idaho	100,000
Illinois	1,000,000
Louisiana	300,000
Nevada	800,000
New Mexico	500,000
Oregon	410,000
Utah	700,000
Washington	378,000
Wyoming	235,000

## 8. Talking Points

### Task Force Purposes:

To research, draft and agree upon policy recommendations and legislation that will foster and encourage the growth of the Film and Media Arts Industry in Idaho and that will be presented to the Governor and the 2006 Idaho Legislature in order to:

- a. Create sustainable film and media industry jobs in Idaho
- b. Encourage people, especially young people, to stay in Idaho to pursue jobs
- c. Keep income in Idaho and generate new income
- d. Expand revenues in Idaho to both the private and the public sectors
- e. Generate additional film and tourism interest in Idaho
- f. Put Idaho on a level playing field for business development in the media industry

### Task Force Recommended Priorities:

- a. Create an improved economic climate and institute incentives to attract and stimulate film and media productions financed independently and by studios.
- b. Establish a strong film office with resources to market incentives, workers, locations and services that creates a statewide film/media-friendly environment of individuals, businesses and organizations to create sustainable film and media industry jobs.
- c. Create a unique brand that defines and differentiates Idaho as a pro-business, film/media-savvy state.
- d. Develop an educational foundation including expanded film and media curricula in state schools, and programs that provide training, mentoring, and internships.

### Task Force Results:

- a. Definition: "Media production" is defined as the production of programs through a variety of techniques and media, including live action camera work, animation, computer-generated imagery or other recorded work during the processes of pre-production, production and post-production, that are intended to be exhibited in theaters, licensed for exhibition on television or cable stations or networks, licensed for or produced for sale or rental to home or commercial viewing markets or a future viewing or listening medium. Products of media production include, but are not limited to, feature films, digital videos, television series or movies, television or theatrical commercials, industrials and education shows, video or computer games and documentaries but shall not include production of news and athletic event programming, family or personal productions, filming of live staged events to which tickets are sold, or any material of an indecent or obscene nature (Idaho codes: 18-4101, 18-1515, 52-103).
- b. Package of legislation that includes a Sales Tax Rebate and an Income Tax Rebate for media production companies producing in Idaho.
- c. Film Industry Task Force Recommendations Report to Director Roger Madsen
- d. Expanded media and film industry network across the State of Idaho
- e. Film Day at the Legislature - February 14, 2006

### Information Contacts:

Peg Owens, Idaho Film Bureau - Idaho Commerce and Labor,  
Phone: 334-2650, ext. 2151; [peg.owens@tourism.idaho.gov](mailto:peg.owens@tourism.idaho.gov)  
Ben Shedd, producer/director, Film Industry Task-Force Co-Chair,  
Phone: 859-3802  
Representative Jana Kemp, business owner, Film Industry Task-Force Co-Chair,  
Phone: 367-1701

